REMARKS

As a preliminary matter, the courtesy of the Examiner extended during the telephonic interview conducted on May 21, 2010 is acknowledged and appreciated. The Examiner agreed to remove the finality of the office action and enter amendments. The substance of the discussion is correctly reported in the interview summary that was issued on May 24, 2010. The above amendments and following remarks are made pursuant to the discussion that was conducted on May 21, 2010.

Claim 11 stands rejected under §101. This rejection was based upon the Federal Circuit's "machine or transformation" test. This test was rejected as being an exclusive and sole test for patentable subject matter by the Supreme Court on June 28, 2010 in the *Bilski* decision (Slip Op. No. 08-964). The decision upheld the rejection of specific claims that consisted of mere abstract ideas (Section III). However, the notion that the "machine or transformation" test was dispositive of the §101 process category or that all business methods were unpatentable was clearly overturned by the Supreme Court. The Court reiterated in Section II.B.1 of the opinion that the proper exceptions to §101 are only the "exceptions for laws of nature, physical phenomena, and abstract ideas." "This Court has not indicated that the existence of these well-established exceptions gives the Judiciary *carte blanche* to impose other limitations that are inconsistent with the text and the statute's purpose and design." *Id.* As explained in II.C.1., "Section 101 similarly precludes the broad contention that the term 'process' categorically excludes business methods." There is no standard under the applicable Supreme Court precedent under which the method of claim 11 could be deemed an abstract idea, as it is implemented in specific hardware that is integral to operation of the method. Also, whether or not the "charging can still be performed by a person in an accounting capacity", the function of an individual step by a person does not bring the method outside of §101. Any single one of the steps in the body of claim 11 is sufficient to make the method more than an abstract idea, because each step uses hardware. For example, "the computer server controlling client computer access to the plurality of local phone services through the local phone lines;" is not an

abstract idea, nor it is a meaningless post-solution activity or any other hallmark of non-patentable subject matter. Claim 11 is well within §101 and as noted by the Supreme Court, there is no valid statute or precedent that excludes business methods from §101.

Claims 1-4 and 6-12 stand rejected under 35 U.S.C. 102 as being allegedly anticipated by Doshi, U.S. Patent No. 6,144,667. The claims have been amended in view of the discussion with the Examiner. The previous arguments about Doshi are re-asserted but not repeated.

During the interview of May 21, 2010, the Examiner indicated that the previous arguments about localization of phone calls were understood. In principal, it was agreed that Doshi did not provide the localization that is offered by the invention. The Examiner, however, offered the opinion expressed in the office action that server selection of host based upon destination would distinguish the claims from Doshi. While Applicant believes that the claims were already distinguished, the amendments above provide a compromise that is believed to meet the Examiner's concerns, with each claim now tracking the route of a phone call according to the destination of the call.

The inventions of claims 1, 2, 4, 8, 11 and 12 (as amended) clearly define the example that the Examiner viewed favorably, namely that a client in China could access a phone line of a host in Chicago, IL, USA and not incur any long distance fees as the call is routed via the Internet and a host's phone line that is connected to a local Chicago phone service. The amendments further emphasize that server can "localize" the plurality of phone lines of a plurality of hosts and adopt the Examiner's suggestion.

The Examiner also mentioned US 7,123,608 as being relevant. This patent discloses a general VoIP system as illustrated in FIG. 2 and described in column 10. Applicant finds no leveraging of local phone lines and services of host computers after reviewing the general operational structure disclosed in this voluminous patent. All VoIP services avoid the long distance PSTN phone lines, but the invention leverages local phone lines and services of host computers in a manner not disclosed or suggested in the art.

For all of the above reasons, reconsideration and allowance of the instant application is requested. Should the examiner have any questions or concerns that could be resolved by a telephone conference, the examiner is invited to contact the undersigned attorney at the below listed number.

Respectfully submitted,

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